

**Statement of
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Department of Veterans Affairs
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Subcommittee on Disability Assistance and Memorial Affairs
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Mr. Chairman and members of the Committee, thank you for the opportunity to testify today on the important issue of survivors' benefits. Providing benefits for the surviving family members of our veterans is one of the core responsibilities of the Department of Veterans Affairs (VA). I am pleased to be accompanied by Mr. Thomas Lastowka, Director of VA's Philadelphia Regional Office and Insurance Center.

VA provides a wide range of benefits to the surviving spouses, dependent children, and dependent parents of deceased servicemembers and veterans. We have experienced counselors ready to help survivors to understand the benefits to which they may be entitled and assist them in filing claims.

Casualty Assistance Program

Veterans Benefits Administration (VBA) casualty assistance officers, positioned at each VA regional office, work closely with military casualty assistance officers. They visit survivors of servicemembers who die on active duty at a time appropriate for the family and assist them in applying for benefits. Information is provided about Dependency and Indemnity Compensation, Insurance benefits, Dependents' Educational Assistance, home loan guaranty benefits, and the availability of bereavement, vocational, and financial counseling services, as well as other benefits available through the Department of Defense (DoD) and the Social Security Administration.

To ensure consistent delivery of services, VBA representatives at both the national and local levels provide training to newly assigned military casualty assistance officers to ensure accurate information about VA benefits is provided to survivors. VA, along with representatives from DoD and the various military service departments, serves on the Casualty Advisory Board. Through this strong working relationship, we are able to get information out quickly to all military casualty assistance officers to advise them of any changes in VA benefit programs or procedures.

Dependency and Indemnity Compensation

Dependency and Indemnity Compensation (DIC) is paid to the surviving spouse, children, and parents of a servicemember who died in line of duty in active service or a veteran who died after service as the result of a service-connected or compensable disability. Under certain circumstances, DIC is also paid to the surviving spouses and children of former POWs and other veterans who were totally disabled at the time of death, regardless of the cause of death, if the death was not the result of the veteran's own willful misconduct. We are currently paying this benefit to 328,000 survivors.

The DIC application process has been streamlined for in-service deaths through use of a special worksheet, and claims processing has been centralized to the VA Regional Office in Philadelphia. The goal is to process all in-service death claims within 48 hours of receipt of all required documents. At the time of the initial visit, family members are in an acute stage of grief and are not always able to absorb and understand the full range of benefits available to them. To ensure that surviving spouses and children are aware of all benefits, a six-month follow-up letter is also sent reminding them of the benefits and services. A special brochure, VA Pamphlet 21-02-1, Benefits and Services for Survivors of Servicemembers Who Die on Active Duty, is given to survivors.

Surviving spouses currently receive \$1,067 a month, with additional amounts payable for children under the age of 18 or if the surviving spouse is in need of regular aid and attendance. A surviving spouse who has a child or children under the age of 18 and receives DIC is also entitled to a transitional benefit of \$250 per month. The surviving spouse receives this additional benefit for two years after entitlement to DIC begins or until all of the surviving spouse's children have reached 18 years of age, whichever is earlier. Surviving spouses may continue to receive DIC benefits upon remarriage if the remarriage takes place after the spouse's 57th birthday.

In partnership with the Department of Defense, VA established the Survivors' Group Forum to work with agencies and organizations that work directly with survivors to develop procedures and programs to improve assistance to this special group of beneficiaries. Representatives in this forum include Gold Star Wives, military department Casualty Assistance Program Managers, the National Military Family Association, military relief societies, the Tragedy Assistance Program for Survivors, and the Retired Enlisted Association. A special Survivors Benefits website was activated in 2005 to provide complete information to survivors and other interested individuals about benefits and services available to survivors.

Parents DIC

VA also pays DIC to parents of deceased veterans if the parents' income is below a certain amount. The maximum rate currently payable to a sole surviving parent is \$524 per month. If a sole surviving parent is in need of aid and attendance to perform daily activities such as bathing, dressing, or eating, an additional amount is payable. The maximum monthly benefit in these cases is \$808.

Death Pension

If a veteran's survivors do not qualify for DIC because the veteran did not die in line of duty in active service or after service as the result of a service-connected or compensable disability or was not totally disabled by a service-connected disability at the time of death, they may still be entitled to death pension. Eligibility for pension is based on financial need. The general requirement for this benefit is that the veteran had to have served at least 90 days in active service with at least one of those days occurring during a period of war, or at the time of death was entitled to receive compensation or retirement pay for a service-connected disability. The maximum death pension benefit is currently \$7,329 per year for a surviving spouse with no child of the veteran in the spouse's custody, and \$1,866 for a surviving child of a veteran not in the custody of a surviving spouse. An additional amount is payable if the surviving spouse who is entitled to pension is in need of aid and attendance.

Dependents' Educational Assistance (DEA)

The Dependents' Educational Assistance program provides up to 45 months of educational benefits to surviving spouses and dependent children of servicemembers who died on active duty; or, of veterans who died or became permanently and totally disabled as a result of a service-connected disability. These benefits may be used for degree and certificate programs, apprenticeship, and on-the-job training. Remedial, deficiency, and refresher courses may be approved under certain circumstances.

The DEA program was recently expanded to include the child or spouse of a servicemember who is hospitalized or receiving outpatient treatment for a permanent and total disability. This change was effective December 23, 2006.

In addition to biological children, step-children and adopted children are also eligible to receive DEA benefits, and a child's marriage does not affect his or her eligibility. A son or daughter may generally receive benefits under this program from age 18 to 26.

Individuals receiving DEA benefits may also be eligible to receive tutorial assistance and work-study benefits from VA. The maximum monthly benefit for tutorial assistance is \$100, and the maximum total benefit is \$1200. Individuals participating in the work-study program are paid at either the federal or state minimum wage, whichever is greater.

Educational and Vocational Counseling

VA provides a wide range of vocational and educational counseling services to qualified family members. These services are designed to help an individual choose a vocational direction and determine the course needed to achieve a chosen goal. Assistance may include interest and aptitude testing, occupational exploration, locating educational or training facilities that might be utilized to achieve an occupational goal.

Montgomery GI Bill (MGIB) Transfer of Entitlement

Another option for spouses or children of servicemembers wishing to pursue an educational or vocational program is the MGIB Transfer of Entitlement Program. The Secretary of each military service has the sole discretion to determine if that service will offer the transferability of entitlement option.

Each branch of service may establish its own requirements for transferring entitlement. A servicemember may transfer a maximum of 18 months of Montgomery GI Bill entitlement to his or her dependents; however, a servicemember may not transfer more entitlement than he or she currently has

remaining. Requests to transfer entitlement are handled by the appropriate branch of service, typically at the time of reenlistment. The death of an individual transferring an entitlement does not affect the use of the entitlement by his or her dependents.

Home Loan Guaranty

The VA Home Loan Guaranty Program provides veterans the opportunity to become homeowners and assists them in retaining those homes in times of financial hardship. Unlike some other VA benefits, a veteran's family is not granted home loan benefits separate and apart from those provided to the veteran. However, an unmarried surviving spouse of a servicemember or veteran whose death was related to military service may qualify for home loan guaranty benefits in his or her own name.

VA requires a servicemember or veteran obtaining a VA guaranteed loan to occupy the property as his or her home. However, when he or she is on active duty and cannot personally occupy the house, VA permits occupancy by the spouse to satisfy this occupancy requirement. Spouses receive the same supplemental servicing benefits available to veterans during times of financial hardship.

Burial Benefits (Headstones, Markers Presidential Memorial Certificates)

VA is authorized to pay up to \$2,000 to cover burial and funeral expenses in cases of service-connected deaths. VA also pays a burial allowance of \$300 and a plot and interment allowance of \$300 in cases where the veteran's death was not service-connected and the veteran was entitled to receive compensation or pension at the time of death, or died in a VA medical facility.

In addition, VA provides burial in national cemeteries, burial flags and markers for the graves of deceased veterans, and a Presidential Memorial Certificate, which honors their memory.

Life Insurance

VA's administered and supervised life insurance programs provide \$1.1 trillion of coverage to nearly 7.3 million veterans, servicemembers, and their families. These programs, while providing coverage to servicemembers, veterans and their families, are actually benefits for survivors. The purpose of life insurance is to provide financial security for one's dependents – to bridge the gap between the financial needs of dependents and the amount available to them from other sources, to ensure that they are not burdened with debt following the insured's death. In fiscal year 2006, the VA Life Insurance programs paid \$2.3 billion in death benefits to nearly 144,000 beneficiaries.

Servicemembers' Group Life Insurance (SGLI)

SGLI covers active duty servicemembers and reservists, including the Coast Guard and uniformed members of the Public Health Service and the National Oceanic and Atmospheric Administration. The SGLI participation rate is 98 percent for active duty servicemembers and 92 percent for reservists (reservists called to active duty are included in the 98 percent active duty participation rate). From October 7, 2001, through April 10, 2007, the SGLI program paid \$1 billion to more than 4,700 beneficiaries of servicemembers. An analysis of the beneficiaries who have received payment under the SGLI program indicates that 42 percent of beneficiaries are parents, 28 percent are spouses, 10 percent are children, and 10 percent are siblings.

Spousal Notification in the SGLI Program

Under Public Law 109-80, effective September 1, 2005, the uniformed services are required to notify the spouses of servicemembers insured by SGLI of changes to coverage amount or beneficiary that were elected by the member in certain specified circumstances. These notifications inform spouses if the servicemember designated as the SGLI beneficiary someone other than the member's spouse or the member's children, or if the member elected less than the maximum available amount of coverage. Congress enacted this law for the protection of the member's immediate family.

Family SGLI (FSGLI) Program

FSGLI is a program extended to the spouses and children of servicemembers insured under the SGLI program. FSGLI automatically provides up to a maximum of \$100,000 of insurance coverage for spouses, and \$10,000 for each child. While the premium rates for spouses are age-based, child coverage is provided at no cost to the member. Family SGLI provides \$123 billion in coverage to more than one million spouses and more than two million children. Although Family SGLI expires 120 days after certain life events, such as the servicemember's separation from service, spouses have the option to convert their coverage to a commercial policy. Child coverage cannot be converted.

Traumatic Injury Protection under Servicemembers' Group Life Insurance (TSGLI)

While TSGLI is paid directly to the servicemember, its intent was to provide financial help to families as well. TSGLI was designed to provide severely injured servicemembers who suffer certain losses as a direct result of a traumatic injury with monetary assistance to help the servicemembers and their families through what is often a long and arduous treatment and rehabilitation period.

Veterans' Group Life Insurance (VGLI)

Upon separation, servicemembers can convert their SGLI coverage to VGLI, which provides lifetime renewable term coverage without proof of good health. This program guarantees that separating servicemembers can continue to provide financial security for their families following separation, even if they are disabled. Currently, 11% of servicemembers convert to VGLI.

Service-Disabled Veterans' Insurance (S-DVI) and Veterans' Mortgage Life Insurance (VMLI)

Two of our programs were designed specifically to provide life insurance coverage to service-disabled veterans, to ensure they can provide financial security for their families. The S-DVI program provides \$10,000 in life insurance coverage to veterans with service-connected disabilities, and an opportunity for the most severely disabled veterans to apply for an additional \$20,000 in coverage. The VMLI program provides up to \$90,000 in mortgage life insurance to recipients of VA's Specially Adapted Housing grant to lessen the financial burden of surviving family members.

Insurance Outreach

Following separation from service, the Office of Servicemembers' Group Life Insurance (OSGLI) sends a series of three mailings to inform servicemembers about their opportunity to apply for VGLI. In addition to these mailings, since 2001 the VA Insurance staff has been conducting a special outreach effort to servicemembers who separate from service with a military disability rating of 50 percent or more. Staff members personally contact these veterans by phone or letter to ensure that they are fully informed about their post-separation life insurance benefits. As a result of our efforts, we have provided \$333 million in life

insurance coverage and death benefits that otherwise may not have been provided.

Beneficiary Financial Counseling Service (BFCS)

VA instituted BFCS in October 1999 to provide comprehensive personal counseling to SGLI, VGLI, and TSGLI beneficiaries on managing their finances to meet future needs, such as mortgage obligations, retirement savings, and college costs. Beneficiaries receive several notifications about the availability of this benefit following payment of the insurance claim.

Assistance in Filing Insurance Claims

In the SGLI and Family SGLI programs, when a servicemember, spouse or child of a servicemember dies, the branch of service Casualty Assistance Office assists the beneficiary with filing a claim. It provides the beneficiary with the claim form, and certifies to OSGLI the amount of SGLI or Family SGLI coverage payable and, for SGLI, the designated beneficiary. In the TSGLI program, VA and military representatives assist wounded servicemembers who are hospitalized at major military medical facilities with their claims.

The VA Insurance website (www.insurance.va.gov) has been available since mid-1999 and provides information on all VA Insurance programs including eligibility, how to file a claim, frequently asked questions, and forms.

VA strives to get needed benefits as quickly as possible to the family members of deceased servicemembers or, in the case of TSGLI, to the servicemembers themselves, to help support them and their families. Data from this fiscal year indicate that SGLI and VGLI death claims are paid, on average, within four workdays of receipt of the required documentation. Claims on servicemembers who were killed in Operations Enduring Freedom and Iraqi

Freedom are expedited and paid within two workdays. TSGLI payments are paid within four days of OSGLI's receipt of the necessary documentation from the military branches of service.

Mr. Chairman, this completes my statement. I will be happy to answer any questions you or other members of the Subcommittee may have.